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The Deal on EU Immigration and Welfare is Symbolic – But Brexit Won't Solve the 'Problem' of EU Immigration Either

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*The free movement provisions of the UK's EU renegotiation are unlikely to reduce EU migration to the UK because they do not focus on the factors which drive EU workers to come in the first place, writes **Christina Boswell**. She argues that, instead of in-work benefits, the real debate on immigration should focus on the changes to and implementation of the minimum wage and how to better match UK labour with the labour market.*

A consensus seems to be emerging that the [deal on welfare](#) access for EU migrants struck in Brussels last week as part of the UK's EU renegotiation is largely symbolic. It is unlikely to have a significant effect on the mobility decisions of potential migrants, nor does it look like it will produce any substantial cost savings.

It is important to be absolutely clear about *why* it will not have a big impact. Part of the story is that the deal doesn't actually promise that much. The famous 'emergency brake' would only be in place for a maximum of seven years. And it can only limit access to in-work tax benefits for newly arriving EU immigrants, for the first four years of their stay. Moreover, the text of the deal makes clear that, over this four-year period, benefits should be incrementally phased in, as immigrants become more integrated into the labour market.

But more importantly, the whole premise of the deal is misguided. EU migrants are not a fiscal burden – the vast majority come to the UK to work, are typically young and often (at least initially) without dependants, and make a net contribution to the public purse. Only an [estimated 1 in 10](#) EU migrants claim some form of in-work tax credits, and that is typically a few years into their stay, when they settle down and have children. While the DWP has been very reticent about releasing figures, the *Guardian* has estimated that [only 84,000 households](#) would have been affected by the emergency brake had it been introduced four years ago.

Finally, for those households that are affected, the ban may induce unintended effects. For example, households most likely to receive such credits are families with children, where only one parent works. In cases of two-parent households, one obvious response would be for the second parent to start seeking work. As for the plans to index child benefits for children living in countries of origin, parents may actually decide to move their children to live with them in the UK.

However, the problem with this line of argument is that it can be deployed by Eurosceptics to underpin their case for Brexit. Indeed, Eurosceptic Tories and UKIP have been keen to press home that the Brussels package is unlikely to have much impact on immigration. This is seen as a vindication of their claims that the UK can only limit EU immigration by leaving the EU. But here lies one of the biggest misunderstandings of the debate. *No country has been able successfully to access the EU's common market without accepting provisions on the free movement of workers.*

European Economic Area countries such as Norway, which are out of the EU but benefit from access to the single market, have signed up to provisions on free movement – indeed, Norway is part of the Schengen area (which the UK is not). Switzerland attempted to withdraw from EU free movement arrangements following a referendum in 2014. But this has sparked a huge row with the EU, and a ban from EU research funding. The dispute is not yet resolved. (Michael Keating discusses some of these issues [here](#).)

The other option, then, is to negotiate more limited access to the common market. This would work fine for free movement of goods (which are largely covered by WTO agreements anyway), but would almost certainly fail to secure the current favourable access for financial services.

Even assuming the UK were able to negotiate this imaginary deal, what would the consequences be of limiting EU immigration? Steve Peers has written about the possible implications for [UK nationals abroad](#). Here, I will focus on the question of whether such a withdrawal from EU mobility provisions would limit immigration.

The first point to note is that EU immigrants only account for just under half of current immigration from overseas. Even if they were completely removed from the equation, we would still be seeing net migration of well over 100000 per year. I suspect that current levels of EU immigration will also decline over the coming years.

Immigration from the A8 countries – the Central and East European states that joined the EU in 2004 (including Poland) – is already in decline. Most current EU immigration is from the ‘older’ EU Member States, notably southern European countries affected by the economic crisis. And that is likely to fall, as their economies eventually pick up.

The second point is that – as the latest [ONS figures](#) show – 58 per cent of labour migrants from the EU already have a job set up on arrival. So the question is: what would happen if this flow of workers stopped? One intuitive answer is that British nationals would take these jobs. But that overlooks the problem of [labour market ‘mismatch’](#).

Even in contexts of high unemployment, the available workforce does not always ‘match’ job vacancies. This may be because they don’t have the required skills; because they are living in another part of the country and are unable or unwilling to relocate; or because the salary or work conditions are not sufficiently attractive.

All of these factors can mean that employers are dependent on foreign workers to fill vacancies. I would conjecture that many of the jobs EU nationals are currently occupying have these features. They are jobs that UK nationals are unable or unwilling to do. And if that is the case, then stopping EU immigration could deprive UK business of much-needed labour.

One way of addressing labour market mismatch is to make jobs more attractive to current UK residents. And indeed, the new [National Living Wage](#), which comes into force in April this year, is a good (if modest) start. Higher salaries could encourage UK nationals to take up jobs that they would not otherwise have considered.

Yet the catch here is that the living wage only applies to workers of 25 years or over. For under-25s, lower [minimum wage](#) provisions apply. So this might encourage businesses to circumvent the rules by employing younger workers – and newly arriving EU immigrants tend to be in their early 20s.

Moreover, where businesses feel they cannot afford these extra costs, then they may try to circumvent the rules and employ workers on an irregular basis – and this would most likely mean employing foreign nationals. So policymakers should look carefully at the age thresholds. And, crucially, the rules will need to be rigorously enforced in order to avoid immigrant workers being recruited to undercut the higher rates of pay.

In fact, the national living wage – and, importantly, its enforcement – may have a much more significant impact on EU immigration than the proposed reduction in welfare payments, or even than a putative withdrawal from EU mobility provisions. And this brings us full circle back to the original point.

The answer to current concerns about EU immigration is not to limit immigration, or to limit access to welfare benefits. We need to understand the reasons why the UK labour market acts as a draw to EU immigrants. And – if this is seen to be a problem – it will be necessary to find ways to better match the supply of (resident UK) labour, and labour market demand. This should be the real debate on EU immigration.

This article was originally published on the author's [Politics, Knowledge and Migration](#) blog.

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